

Message Text

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EXDIS

BRUSSELS ALSO FOR EEC

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E.O. 11652: GDS
TAGS: PORC, PEPR, COE, EEC, LU
SUBJ: PRIMIN THORN'S COMMENTS ON EUROPEAN COUNCIL MEETING

1. I HAD A RATHER RAMBLING CONVERSATION WITH PRIME MINISTER THORN YESTERDAY, APRIL 18, IN WHICH HE GAVE ME--IN CONFIDENCE--SOME IMPRESSIONS OF THE PRIVATE MEETINGS OF HEADS OF GOVERNMENT WHO ATTENDED THE EUROPEAN COUNCIL MEETING IN COPENHAGEN APRIL 7-8. HE DESCRIBED THE CONSENSUS REACHED AT THE MEETING IN TERMS WHICH APPROACHED, BUT WERE NOT AS DETAILED, AS THE DESCRIPTION IN ROME'S 6910.

2. THORN SAID THAT IN THE DISCUSSION REGARDING THE STATE OF EUROPEAN ECONOMIES, ALL THE HEADS OF GOVERNMENT WERE PESSIMISTIC EXCEPT THE IRISH (WHO, THORN SAID, "INTERRUPTED EVERY FIFTEEN MINUTES, TO EVERYONE'S ANNOYANCE, TO SAY HOW MUCH BETTER THINGS WERE GOING FOR THEM") AND GISCARD WHO WAS RELATIVELY OPTIMISTIC NOT IN WHAT HE HAD TO SAY ABOUT THE NEAR TERM BUT IN THE RATHER OLYMPIAN
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OBSERVATIONS HE MADE SUCH AS "WE ARE PASSING THOROUGH A DIFFICULT MOMENT IN HISTORY BUT IT WILL END."
IN A SLIGHT VARIATION FROM RUGGIERO'S READ-OUT TO EMBASSY ROME, THORN SAID THAT SCHMIDT DID NOT GIVE ANY REASON TO BELIEVE THAT THE FRG IS EVEN CONSIDERING ADDITIONAL MEASURES TO REDUCE UNEMPLOYMENT BELOW ITS PRESENT LEVELS. SCHMIDT SAID HE DID NOT INTEND TO

TAKE EXPANISONIST MEASURES, HAVING ALREADY "INJECTED"
FIFTEEN BILLION MARKS INTO THE ECONOMY WITHOUT
ACHIEVING GROWTH, ACCORDING TO THORN.

3. THORN SAID THAT GISCARD HAD INTRODUCED THE SUBJECT
OF MONETARY MEASURES BUT ONLY FOR APPEARANCE SAKE;
SCHMIDT HAD REALLY LED THE DISCUSSION. WHILE THE DIS-
CUSSION WAS NOT SPECIFICALLY ANTI-AMERICAN, THORN SAID
THAT "THERE WAS A COMMON ASSUMPTION OF AMERICAN
RESPONSIBILITY"--AN ASSUMPTION THAT WAS NOT STATED
EXPLICITLY BUT WAS FREQUENTLY ALLUDED TO IN REFERENCES
TO THE 700 BILLION EURODOLLAR OVERHANG AND THE "DISASTROUS"
ECONOMIC AND POLITICAL CONSEQUENCES THAT WOULD FOLLOW
IF THE U.S. DID NOT ACT TO STRENGTHEN THE DOLLAR. BUT,
THORN SAID, SCHMIT HAD NOT BEEN VERY PRECISE IN THE MEETING
ABOUT THE MONETARY MEASURES HE HAD IN MIND. IT
APPEARED TO THORN THAT HE WAS THINKING ABOUT TWO
DIFFERENT SNAKES OR A SNAKE IN A WIDER TUNNEL AND
SOME DEFINITE STEPS TO PROVIDE FOR AN ALTERNATE
RESERVE CURRENCY OTHER THAN THE DOLLAR. THORN
EXPECTED THAT, HAVING BEEN LAUNCHED BY SCHMIDT
AND GISCARD AS A "TRIAL BALLOON" WITH THEIR EC
COLLEAGUES, THESE IDEAS WOULD NOW BE EXPLORED BY
THE GERMANS, FRENCH AND BRITISH IN VARIOUS BILATERAL
CONTACTS WITH THE U.S. AND THEN PRESENTED AT THE
JULY SUMMIT IN THE NAME OF THE EC. LOWENSTEIN
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